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DEPARTMENT OF NATURAL RESOURCES

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Executive Director

Division of Oil, Gas and Mining

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Division Director

June 23, 2011

Rick Havenstrite
Desert Hawk Gold Corporation
1290 Holcomb Ave.
Reno, Nevada 89502

Subject: Completeness Review of Fourth Submittal, Desert Hawk Gold Corporation, Kiewit Project Mine, M/045/0078, Tooele County, Utah

Dear Mr. Havenstrite:

The Division of Oil, Gas and Mining (Division) has done a completeness review of your submittal which was received May 11, 2011. On April 12, 2011, a completeness review letter was sent to Desert Hawk Gold Corporation with a list of five items that would be required for the fourth submittal. The numbered items below refer to items in the April 12, 2011, letter.

1. **Results of a cultural resources survey with recommendations. (UCA 9-8-404 and R647-4-109).** The revised report still does not include all areas to be affected by the mine, but the Division will request a clearance from the State Historic Preservation Officer (SHPO) based on the information available. It is possible additional information will be needed.
2. **Overlap with the Herat mine (S/045/0023) and the Kiewit exploration project (E/045/0140).** These permit transfers have not been completed. Remaining requirements for these transfers have been specified in correspondence from the Division.
3. **Ore characterization.** Sections of the USGS open file report 91-114 showing the Clifton Shears geochemistry have been included in the Notice of Intention (NOI). Since the Kiewit ore body is on land managed by the BLM, only the Clifton Shears ore body would be mined and placed on the Kiewit ore pad at this time. The Clifton shears ore body is sulphide rich and contains high arsenic, lead, zinc and silver. The Division needs additional ore characterization, particularly as it relates to potential effects on water quality (see item 5 below). (R647-4-106.4)
4. **Clarification of the heap closure plan.** This issue has been addressed. The technical and bonding adequacy of the submittal will be discussed in a future review of the plan.
5. **Water quality demonstration.** This issue has not been adequately addressed. The plan needs to contain a demonstration that the quality of water to be discharged will not



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exceed water quality standards. Two examples follow: 1. The cover letter says the effluent water is expected to be Class III and similar to regional ground water after closure and draindown of the heap. The third complete paragraph on page 33 discusses potential pH values, but it is unclear how these values were calculated or which values apply to the effluent. 2. As stated in the text, TDS values in the effluent are likely to be high and may be similar to those in regional groundwater. There are, however, other potential concerns with the effluent. Most metals become less mobile at high pH levels, but some, such as arsenic, become more mobile or undergo a species change.

As required, a post-mining water monitoring plan has been included together with an associated cost estimate in the surety calculation. The adequacy of the plan and of the cost estimate have not yet been reviewed.

Two other items in the April 12, 2011, letter, as well as other comments from the November 24, 2010, review, have been addressed and will be analyzed in a future technical review.

The ore characterization and water quality issues are critical for the design of this operation. It is for this reason that the review cannot proceed until these concerns are addressed.

Thank you for your cooperation in meeting these requirements. Questions about this letter can be addressed to me at 801-538-5261 or Leslie Heppler at 801-538-5257.

Sincerely

A handwritten signature in dark ink, appearing to read 'P B Baker', with a stylized flourish at the end.

Paul B. Baker
Minerals Program Manager

PBB:lah:eb

cc: Keith Moeller keith@cliftonmining.com
BLM – Stephen_Allen@blm.gov
Rob Herbert, DWQ

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